

VZCZCXYZ0000
RR RUEHWEB

DE RUEHDG #1167 2001209
ZNR UUUUU ZZH
R 181209Z JUL 08
FM AMEMBASSY SANTO DOMINGO
TO RUEHC/SECSTATE WASHDC 1167
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUEAIIA/CIA WASHINGTON DC
RUCOWCV/CUSTOMS CARIBBEAN ATTACHE MIAMI FL
RUEAWJA/DEPT OF JUSTICE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHMCSUU/FBI WASHINGTON DC
RUEAHLA/HOMELAND SECURITY CENTER WASHINGTON DC
RUEPINS/HQ BICE INTEL WASHINGTON DC
RHEFHLC/HQS DHS WASHDC
RUCPDOG/USDOC WASHDC 1749

UNCLAS SANTO DOMINGO 001167

SIPDIS

DEPT FOR WHA, WHA/CAR, WHA/EPSC, EB/IFD/OMA
DEPT PASS TOSEC, FEDERAL RESERVE
TREASURY FOR SENICH AND FOSTER
DOJ FOR OIA (MAZUREK AND ORJALES)
SOUTHCOM ALSO FOR POLAD

E.O. 12958: N/A

TAGS: [EFIN](#) [PGOV](#) [PREL](#) [KJUS](#) [KCOR](#) [DR](#)

SUBJECT: DOMINICAN SUPREME COURT UPHOLDS BANINTER BANK
FRAUD CONVICTIONS

REF: SANTO DOMINGO 2721

11. Summary. On July 11, the Dominican Supreme Court upheld the convictions in the Banco Intercontinental (Baninter) bank fraud case ensuring that the four defendants will spend time in prison. This is an important step forward because it is the first time that significant sentences were given to upper class, socially prominent members of the banking sector. End Summary.

12. On July 11, the Supreme Court upheld the Court of Appeals verdict which sentenced Bank President Ramon Baez Figueroa, Bank Vice President Marcos Baez Cocco and Entrepreneur Luis Alvarez Renta to ten years in prison and Bank Vice President Vivian Lubrano de Castillo to five years. In addition, the four were ordered to pay more than USD 2 billion in fines. Baez Figueroa and Baez Cocco reported to authorities on July 16 and began serving their sentences immediately. Alvarez Renta is expected to report to the sentencing judge on July

17. Lubrano de Castillo was admitted to the hospital on July 13 and is reportedly under psychiatric care. Her lawyers are scheduled to meet with court officials July 17. Lawyers for Baez Figueroa, Baez Cocco and Alvarez Renta have said they will take their case to the Inter-American Court of Human Rights.

13. Fraudulent accounting and embezzlement were the leading causes of the failures in mid-2003 of three Dominican banks, with losses at the largest of the three, Baninter, estimated at US \$2.7 billion, a figure roughly equivalent to 15 percent of the country's 2003 Gross Domestic Product (GDP). A decision to fully cover depositors' losses via Central Bank issued certificates of deposit more than doubled national debt in 2003-04, from the equivalent of about 26 percent of GDP to the equivalent of 57 percent of GDP. This caused a massive devaluation of the peso, and ultimately resulted in successive victories in the 2004 presidential and 2006 congressional and municipal elections for the political party then in opposition, the Dominican Liberation Party (PLD).

14. Comment: The successful conclusion of this high profile case is an important step forward for the Dominican legal system. For the first time socially prominent members of the banking sector will be held accountable for their crimes and

will serve time in jail. In a country where corruption is rampant, this sends an important message that there are serious consequences for illegal actions. There is still a lot of work that needs to be done to strengthen the weak legal institutions in this country, but this is an important achievement that should be noted. The achievement is all the more impressive given the complex, financial nature of the prosecution. While USG programs helped support the Baninter prosecution, this victory is fundamentally Dominican. End Comment.

BULLEN